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STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING

In re:

First Interstate Mortgage Corporation, a
Nevada corporation,

Respondent.

**NOTICE OF INTENT TO REVOKE MORTGAGE BROKER LICENSE
AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is governed by Chapter 645B of the Nevada Revised Statutes ("NRS") and Chapter 645B of the Nevada Administrative Code ("NAC"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division") has the general duty to exercise supervision and control over mortgage brokers and mortgage agents, as well as mortgage broker and mortgage agent activity. See, NRS 645B.060(1), NRS 645B.670 and NRS 645B.690. Pursuant to that authority, the Division makes Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Upon information and belief, First Interstate Mortgage Corporation ("First Interstate") was incorporated in the State of Nevada on or about April 7, 2003. Currently, First Interstate's corporate status with the Nevada Secretary of State is dissolved, effective on or about 8/7/2008.

2. On July 16, 2003, First Interstate was registered with the Financial Institutions Division ("FID") and was subsequently licensed by the Division as a mortgage broker (License No. 544) pursuant to Chapter 645B of NRS. First Interstate operated within the State of Nevada as a licensed mortgage broker until it failed to renew its license on June 30, 2007,

1 and closed on July 3, 2007. See, 645B.050(1). The Division currently classifies First
2 Interstate's license as closed. All factual allegations herein occurred while First Interstate held
3 an active mortgage broker license.

4 3. Based upon information and belief, Greg Navone ("Navone") was the owner,
5 president, secretary, treasurer, and a director of First Interstate from its incorporation until its
6 dissolution.

7 4. Based upon information and belief, on November 4, 2004, Randall Bell ("Bell") was
8 licensed by the Division as a mortgage agent (License No. 27227) pursuant to Chapter 645B
9 of NRS and was affiliated with, or employed by, First Interstate from February 14, 2005, until
10 March 14, 2006.

11 5. Based upon information and belief, on December 26, 2002, Earnest Weaver
12 ("Weaver") was registered with FID and was subsequently licensed by the Division as a
13 mortgage agent (License No. 8886) pursuant to Chapter 645B of NRS until his license
14 expired on June 14, 2008, for failure to renew. See, NRS 645B.430(2). Weaver was affiliated
15 with, or employed by, First Interstate from October 28, 2004, until October 10, 2005, and from
16 January 8, 2007, to April 23, 2007.

17 6. Based upon information and belief, on June 28, 2005, Sheila Stranahan
18 ("Stranahan") aka Sheila M. Lombard was licensed by the Division as a mortgage agent
19 (License No. 31304) pursuant to Chapter 645B of NRS. Stranahan was affiliated with, or
20 employed by, Gordon Lending Corporation, a mortgage broker licensed by the Division, from
21 June 28, 2005, until July 31, 2005, and was affiliated with, or employed by, First Interstate
22 from October 27, 2005, until December 7, 2005.

23 7. Based upon information and belief, at relevant times herein mentioned, Jay
24 Langner ("Langner") was and is a real estate broker licensed by the California Department of
25 Real Estate (License No. 01112665) and affiliated with, or employed by, Pacific Hills Realty
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1 located at 27352 Via Priorato, San Juan Capistrano, California 92675.

2 8. Based upon information and belief, Langner has never been licensed by the
3 Division as a mortgage agent or mortgage broker and Pacific Hills Realty has never been
4 licensed by the Division as a mortgage broker.

5 9. On March 14, 2006, the Division commenced an examination of First Interstate
6 pursuant to Chapter 645B of NRS. During the examination, the Division discovered violations
7 of laws and regulations by First Interstate, including the following:

8 a. First Interstate conducted mortgage lending activities at an unlicensed
9 branch office located at 851 S. Rampart, Las Vegas, Nevada, as evidenced by mortgage
10 agents operating from this address, title company checks made payable to First Interstate
11 being sent to this address, and various documents found in reviewed loan files that were
12 prepared at this address or obtained for First Interstate at this address;

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14 b. First Interstate conducted mortgage lending activities at an unlicensed
15 branch office located at 6396 McLeod, Suite 3, Las Vegas, Nevada, as evidenced by First
16 Interstate loan documents being stacked around the work area at this address, First Interstate
17 mortgage agent Weaver being present at this address, Weaver's business card found at this
18 address reflecting his mortgage consultant capacity with First Interstate at First Interstate's
19 principal office located 801 S. Decatur, Las Vegas, Nevada 89107 ("801 S. Decatur") and the
20 absence of First Interstate's phone number, (702) 821-0900, at its principal office at 801 S.
21 Decatur;

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23 c. First Interstate failed to keep and maintain complete and suitable records of
24 all mortgage transactions, as evidenced by 9 closed loan files for 18 loans aggregating
25 \$3,120,480.00 which were originated to Abraham Espinosa and Diane Espinosa (collectively,
26 "Espinosa") (secured by first-position and second-position liens), which files contained
27 numerous documents created by Gordon Lending and failed to include numerous documents
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1 contained in the title company's corresponding file;

2 d. First Interstate failed to report on its monthly activity report a private
3 investment loan secured by a lien on real property which was originated to Lisa Lozario
4 ("Lozario");

5 e. First Interstate failed to exercise reasonable supervision over the activities of
6 its mortgage agents, as evidenced by its failure to review loan originations in process and its
7 failure to review completed loan files prior to submission to the title company for closing;

8 (i) Specifically, the Division found substantial fraud in the 18 loans
9 originated to Espinosa which were closed in 12 days by First Interstate mortgage agent
10 Stranahan and funded by institutional investors. (One transaction closed on August 17, 2005;
11 three transactions closed on August 22, 2005; three transactions closed on August 26, 2005;
12 and two transactions closed on August 29, 2005.) The closed loan files contained "generic"
13 1003's which did not disclose other properties purchased by Espinosa and "generic" credit
14 reports which did not disclose Espinosa's total debt obligation;

15 (ii) The Division found substantial fraud in two loans originated to
16 Ranglene Patterson ("Patterson") involving First Interstate mortgage agent Bell, as evidenced
17 by falsification of Patterson's earnings, employer, misrepresentation of the transaction as a
18 primary residence purchase, documented involvement of unlicensed Langner (who was and
19 is a real estate broker affiliated with Pacific Hills Realty) and unlicensed Pacific Hills Realty;
20 and
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22 (iii) In addition, Patterson submitted a written complaint to the Division
23 alleging stolen identity and forgery with respect to the two loans obtained under her name;

24 f. First Interstate failed to implement and maintain safeguards to protect
25 customer information, as evidenced by the Metro Police Department's seizure of 40 boxes of
26 records (including loan files and loan documents for Nevada One Mortgage, formerly owned
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1 by Navone, containing sensitive private information) that had been placed in First Interstate's
2 trash dumpster at 801 S. Decatur by First Interstate's janitor, Anthony Gibson.

3 10. Pursuant to NRS 645B.020, "(i)f a mortgage broker will conduct business at one or
4 more branch offices within this State, the mortgage broker must apply for a license for each
5 such branch office." See, NRS 645B.020(2).

6 11. Pursuant to NRS 645B.080, "(e)ach mortgage broker shall keep and maintain at all
7 times at each location where the mortgage broker conducts business in this state complete
8 and suitable records of all mortgage transactions made by the mortgage broker at that
9 location" and "(e)ach mortgage broker shall submit to the Commissioner each month a report
10 of the mortgage broker's activity for the previous month. The report must...(s)pecify the
11 volume of loans arranged by the mortgage broker for the month or state that no loans were
12 arranged in that month...." See, NRS 645B.080(1), (2)(a).

14 12. Pursuant to NRS 645B.460, "(a) mortgage broker shall exercise reasonable
15 supervision over the activities of his mortgage agents...." See, NRS 645B.460(1).

16 13. Pursuant to NRS 645B.060, the Division is charged with conducting "...such
17 investigations as may be necessary to determine whether any person has violated any
18 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
19 Commissioner...." See, NRS 645B.060(2)(c).

21 14. Pursuant to NRS 645B.610, the Division is also charged with investigating "...each
22 violation alleged in [a] complaint..." received by the Division and "...shall determine from the
23 investigation whether there is reasonable cause to believe that the person committed the
24 alleged violation...." See, NRS 645B.610(1), (3).

25 15. Pursuant to NRS 645B.060, the Division is further charged with conducting
26 "...such other investigations, periodic or special audits, investigations and hearings as may be
27 necessary for the efficient administration of the laws of this State regarding mortgage brokers
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1 and mortgage agents....” See, NRS 645B.060(2)(e).

2 16. Pursuant to NRS 645B.670, “(f)or each violation committed by a mortgage broker,
3 the Commissioner may impose upon the mortgage broker an administrative fine of not more
4 than \$10,000, may suspend, revoke or place conditions upon his license, or may do both, if
5 the mortgage broker, whether or not acting as such...(i)s grossly negligent or incompetent in
6 performing any act for which he is required to be licensed pursuant to the provisions of this
7 chapter...(d)oes not conduct his business in accordance with law or has violated any
8 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
9 Commissioner...(h)as knowingly made or caused to be made to the Commissioner any false
10 representation of material fact...(h)as engaged in any other conduct constituting a deceitful,
11 fraudulent or dishonest business practice...(h)as failed to exercise reasonable supervision
12 over the activities of a mortgage agent as required by NRS 645B.460. See, NRS
13 645B.670(2)(b), (c), (g), (o), (q).

14 VIOLATIONS OF LAW

15 After investigating this matter, it has been determined that:

16 a. First Interstate conducted mortgage lending activities at unlicensed branch
17 offices located at 851 S. Rampart, Las Vegas, Nevada, and 6396 McLeod, Suite 3, Las Vegas,
18 Nevada, in violation of NRS 645B.020(2);

19 b. First Interstate failed to keep and maintain complete and suitable records of all
20 mortgage transactions, including the records of a private investment loan secured by a lien on
21 real property which was not disclosed on First Interstate’s monthly activity report, in violation of
22 NRS 645B.080(1), (2)(a);

23 c. First Interstate failed to exercise reasonable supervision over the activities of its
24 mortgage agents, in violation of NRS 645B.460(1);
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1 d. By the above-mentioned conduct, First Interstate engaged in conduct
2 constituting a deceitful, fraudulent or dishonest business practice, in violation of NRS
3 645B.670(2)(o); and

4 e. First Interstate failed to implement and maintain safeguards to protect the
5 sensitive customer information contained in the 40 boxes of records that had been placed in the
6 trash dumpster at 801 S. Decatur, in violation of the Gramm-Leach Bliley Act, 15 USC
7 § 6801, et seq.

8
9 **ORDER**

10 **NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS,**
11 pursuant to NRS 645B.750, that upon written application to the Division within **twenty (20) days**
12 of the date of this Order, First Interstate shall be entitled to a hearing with regards to the
13 contents of this Order. At that hearing, the Division will seek to revoke First Interstate's
14 mortgage broker license for its violations of Chapter 645B of NRS. Should First Interstate not
15 request a hearing **within twenty (20) days** of the date of this Order, the Division will enter a
16 Final Order in this matter against First Interstate, as required by NRS 645B.750(2).

17 Dated this 22nd day of May, 2009.

18
19 **STATE OF NEVADA**
20 **DEPARTMENT OF BUSINESS AND INDUSTRY**
21 **DIVISION OF MORTGAGE LENDING**

22 By: Joseph L. Waltuch
23 **JOSEPH L. WALTUCH, COMMISSIONER**
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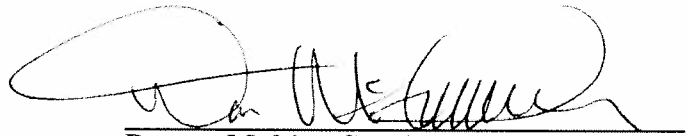
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 5TH day of JUNE 2009

I served the foregoing subpoena upon Greg Navone, Registered Agent for First Interstate Mortgage Corporation at 801 S Decatur Boulevard, Las Vegas, State of Nevada by:

1. Personally delivering a copy to the above-named person to the following address _____

✓ 2. Serving the above-named person by delivering and leaving a copy with
Richard McKnight, Attorney at Law, a person of suitable age and discretion, at the following address
330 S. 3rd Street #900, Las Vegas, NV 89101.



Person Making Service

SUBSCRIBED AND SWORN to me

this 8th day of June, 2009.



NOTARY PUBLIC in and for
The County of Clark, State of Nevada

